2. Developing countries require longer transition periods to build out their telecommunications networks.

Transition to a new accounting rate system requires substantial time for developing countries to build out their networks. Currently, the overwhelming majority of foreign direct investment goes to a handful of countries that are already developed or experiencing sustained rapid growth. Developing countries find it increasingly difficult to attract such foreign investment. Moreover, the number of investment opportunities throughout the developing world is increasing more rapidly than the pool of risk capital. As the ITU has recognized,

> a number of analysts predict that capital will become scarce in the future because of the ambitious infra-structure plans of developing countries as well as the growing number of privatizations planned in the telecommunications sector. There will be more competition to attract investment and those countries with better communications facilities will have an advantage.[34]

Indeed, the countries that have not yet begun to privatize can expect relatively less foreign telecommunications investment in the near future. Longer transition periods, combined with developing countries' commitment to the liberalization of telecommunications markets might help generate capital and attract additional foreign investment. The NPRM, by contrast, deters new foreign investment by imposing arbitrary and unrealistic time periods for reaching benchmarks, thereby creating a climate of risk.

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[34] World Telecommunication Development Report, ITU, § 1.3 (1995).

3. Developing countries which depend upon settlement revenue to support their telecommunications networks require longer transition periods to restructure and rebalance tariffs.

Additionally, for many developing countries, trade in telecommunication services is a major source of revenue, with settlement payments often constituting a significant share of total telecommunications revenue, in some cases more than 50%. These developing countries require considerably more time to rebalance tariffs and develop alternative sources to replace settlement revenue, a high proportion of which is used for telecommunications equipment imports.[35] If settlement payments are precipitously reduced, without substitute sources of revenue, there will be a negative effect on the health of telecommunications equipment manufacturers, a substantial number of which are based in the United States. By too rapidly accelerating the rate at which settlement rates are dropping, the Commission would deprive countries of telecommunications revenue, potentially halting telecommunications infrastructure development, progress toward competitive markets and the Commission's ultimate goal of universal service. The Commission should heed the ITU's warning that "any new [accounting rate] system must provide for an adequate transition period, in particular for those developing countries which are heavily dependent on the current accounting rate system."[36]

In many cases, the investment in telecommunications infrastructure by foreign operating companies is related to the net settlement payments that the foreign companies receive from U.S. carriers. For CODETEL in the Dominican Republic and CANTV in

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35 Tarjanne Speech, June 10, 1996.

36 Tarjanne Speech, June 10, 1996.

Venezuela, for example, significant investment in telecommunications infrastructure has been made over the past five years and the net settlement payments received by these companies are used to support such investment. GTE understands that the same is true for most developing countries. The dramatic reduction of settlement revenue could have an adverse effect on building out telecommunications networks and may prevent further evolution towards competitive markets.

C. The Commission Should Provide Longer Transition Periods For Those Countries Demonstrating A Commitment To Lower Settlement Rates and Rate Rebalancing.

The Commission should provide longer transition periods, or forbear from benchmarks entirely, for those developing countries that have developed public plans to accomplish the complex transition to competitive markets. Such countries, despite the aforementioned difficulties, have demonstrated a commitment to achieving rates that represent a competitive market and are the most keenly aware of how and when they are best able to rebalance tariffs. It also may be that, in some countries, a plan of privatization, upon which investments were made, have contemplated a given time frame for transition to a competitive market. Such public policy determinations and corresponding investment commitments deserve deference when the Commission determines a suitable transition period.

For example, Venezuela set up a time period to allow CANTV to improve service and infrastructure coverage in order to benefit the entire country. Full liberalization of the telecommunications market will occur in October 2000. In the meantime, it is expected that CANTV will use revenue from its international business to support development of the country's telecommunications infrastructure. At the same time, CANTV is expected to

rebalance partially its local service rates. The rebalancing process will continue after October 2000, but after that date, it will occur at a speed dictated by a competitive market. The Commission's adoption of very short transition periods will totally and arbitrarily disrupt the process upon which Venezuela, and many other developing countries, have embarked.

If a privatization plan is not readily available, one way in which the Commission can evaluate a commitment to competitive settlement levels is by evaluating the correlation between foreign settlement rates and foreign collection rates. A favorable trend of reductions in settlement and collection rates demonstrates a commitment to rebalancing tariffs. Countries moving in this direction cannot be held responsible for any growth in the net imbalance of traffic from the United States or increase in U.S. outpayments.[37] Accordingly, the Commission should refrain from imposing arbitrary transition periods which may disrupt this trend.

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[37] An examination of the collection rates of CODETEL shows that it has reduced its collection rates, in U.S. dollar terms, and cannot be accused of contributing to the imbalance of U.S. traffic and any resulting outpayment.

CODETEL in the Dominican Republic has reduced international toll rates to the U.S. by 47% and raised local rates by 300% over the last four years, while settlement rates have dropped 30%.

CANTV in Venezuela has also made significant progress in rebalancing tariffs. Between 1993 and 1997, settlement rates and international toll rates have decreased while national revenues have increased.

V. AT A MINIMUM, THE NPRM'S PROPOSED BENCHMARK METHODOLOGY SHOULD BE REVISED TO ACCURATELY REFLECT THE COST OF TERMINATING AN INTERNATIONAL CALL.

If the Commission continues to pursue the establishment of benchmarks for international settlement rates, it should revise its benchmark methodology to reflect more accurately a foreign carrier's cost in terminating an international call. The Commission's proposal to base benchmarks on Tariffed Components Prices ("TCP") underestimates the cost of providing the national extension component.

According to Commission estimates, by far the single largest proportion of the TCP for each country is the cost of the national extension component. The Commission proposes to calculate this cost based on the lowest tariffed rate charged by a foreign carrier to its domestic customers on a particular route.[38] The Commission justifies the use of tariffed domestic rates by stating that they "presumably reflect foreign carriers' incremental cost plus a significant contribution to common costs."[39] This "presumption" is inadequately discussed in the NPRM and, in GTE's view, fundamentally ignores that the tariffed rates charged by foreign carriers for the national extension portion of their networks have usually not been rebalanced to reflect costs. Thus, the Commission's TCP methodology appears significantly flawed as a way of approximating foreign carriers' costs.

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[38] NPRM ¶ 40; Foreign Tariffed Components Prices, FCC, International Bureau Telecommunications Division, 13 (Dec. 1996) ("Benchmark Study") (additionally in cases where a telephone carrier makes a discount available for large volumes of discount service, the discount is used to calculate the rate).

[39] NPRM ¶ 42.

VI. THE COMMISSION'S USE OF BENCHMARKS TO ADDRESS HYPOTHETICAL ANTICOMPETITIVE BEHAVIOR IS UNNECESSARY.

The NPRM discusses several scenarios hypothesizing the abuse of high settlement rates to engage in anticompetitive behavior. The NPRM responds to these hypothetical risks by proposing two safeguards: (1) conditioning a foreign carrier's authorization to provide switched or private line facilities-based services from the U.S. to an affiliated foreign market on the foreign affiliate's conformity with the NPRM's settlement benchmarks and (2) any authorizing the resale of international private lines for switched service to the United States on the condition that accounting rates be within the benchmark range proposed for that route or routes.[40]

A. The Commission Should Not Condition Authorizations To Provide International Facilities-Based Service From The United States To An Affiliated Foreign Market Because The Anticompetitive Conduct Suggested In The NPRM Is Implausible.

The Commission proposes to condition any authorization to provide facilities-based international service, whether switched or private line service, from the United States to an affiliated foreign market on the foreign affiliate offering U.S. licensed international carriers a settlement rate within the benchmark range proposed in the NPRM.[41] The Commission's apparent concern is that a foreign carrier could use its settlement revenues to cross-subsidize

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[40] See NPRM ¶¶ 76, 82.

[41] See NPRM ¶ 76.

an affiliate providing international services in the United States.[42] Under this theory, the foreign carrier's U.S. affiliate could price its U.S. services below cost, apparently with the goal of forcing its U.S. competitors out of business or, at least, gaining market share.

It is implausible that a foreign carrier would cross-subsidize a U.S. affiliate in order to offer below-cost prices in the U.S. market. A foreign carrier has no incentive to squander its profits by cross-subsidizing a U.S. affiliate because it will never be able to recover, in the form of later monopoly profits, more than the losses suffered.[43] As both economists and courts have agreed, efforts to reduce prices below cost do not cause anticompetitive harm unless the predator is able to "obtain enough market power to set higher than competitive prices, and then .... sustain those prices long enough to earn in excess profits what [the predator] earlier gave up in below-cost prices."[44] The U.S. interexchange market is enormously competitive, with several hundred facilities-based and resale-based carriers competing for customers.[45] The number of carriers providing international telecommunications service between the U.S. and other countries' is increasing substantially

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42 See NPRM ¶ 75.

43 See Brook Group Ltd. v. Brown & Williamson Tobacco Corp., 113 S. Ct. 2578, 2588 (1993) (citing Matsushita Electric Industrial Co. Ltd. v. Zenith Radio Corp., 475 U.S. 574, 588-89 (1986)).

44 Id. at 2589 (quoting Matsushita, 475 U.S. at 590-91).

45 See MCI Communications Corp., 9 FCC Rcd 3960, 3970 (1994).

due to easier market entry under the Telecommunication Act of 1996.[46] New entrants into the international services market are well financed, some with significant established customer bases.[47] Thus, it would be irrational for a foreign carrier to offer below-cost service offerings in an attempt to monopolize a segment of the U.S. international telecommunications market. It would be impossible for a foreign carrier to gain a monopoly position, much less retain that monopoly long enough to recoup excess profits.

Accordingly, no justification exists for the Commission to condition authorizations to provide international facilities-based services from the U.S. to an affiliated foreign market on the adoption of settlement rates within the benchmark ranges. Such a requirement could harm the public interest by impeding new competitors' entering into the U.S. international services market.[48]

B. The Commission Should Not Link Authorizations To Resell International Private Lines For Providing U.S. Switched Service To The Achievement of Benchmark Accounting Rates.

The Commission also proposes to grant carrier's application for authority to resell international private lines to provide switched service to the U.S. only on the condition that

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[46] See Motion of AT&T to be Declared Non-Dominant for International Service, 3 Comm. Reg. (P&F) 111, 113 (1996) (referencing Telecommunications Act of 1996, Pub. L. No. 104-104, 110 Stat. 56 (1996)).

[47] AT&T Corp. 3 Comm. Reg. (P&F) at 113.

[48] Indeed, the Commission has expressed doubt that a foreign carrier that is dominant in the foreign market would engage in such conduct merely to capture outbound U.S. minutes because it would get them anyway from the U.S. carrier. See NPRM ¶ 80.

accounting rates on the route or routes in question be within the applicable benchmark range.[49] The Commission indicates this condition may be necessary in order to prevent a foreign carrier that receives above-cost settlement fees from unilaterally cutting its own costs "by bypassing the accounting rate system to terminate its switched traffic inbound to the U.S. over resold private lines."[50] Although such a practice could exacerbate the settlement payments imbalance, this competitive concern is fully, and more appropriately, addressed through the Commission's existing equivalency policy.[51]

The Commission's suggestion that it might replace the equivalency test with its proposed condition on the resale of private lines is unwarranted.[52] The equivalency test is a pro-competitive measure that encourages foreign administrations to open markets to new competitors in the resale market. In contrast, the NPRM's proposal to condition access to the U.S. resale market is an anticompetitive measure that will block new participants. As the Commission observed in its Foreign Carrier Entry Order, "requir[ing] cost-based accounting rates as a precondition" to market entry could "preclude otherwise qualified candidates from

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49 See NPRM ¶ 82.

50 See NPRM ¶ 11.

51 As the Commission acknowledges in the NPRM, it currently addresses this concern "by only permitting the resale of international private lines for switched service to countries which offer equivalent resale opportunities to U.S. carriers." Regulation Of International Accounting Rates, 7 FCC Rcd 559 (1991).

52 See NPRM ¶ 84.

competing in the U.S. international services market" and would "become, in effect, a barrier to market entry."[53]

In addition, the resulting barrier to market entry could deter, rather than promote, a reduction in international settlement rates. In the Foreign Carrier Entry proceeding, the Commission concluded that additional competition in the U.S. market may result in "service alternatives and price competition" in the U.S. market that should stimulate U.S. outbound demand.[54] As a result, foreign carriers can be expected to become "more amenable to further reducing their accounting rates, in that they will experience less of a loss in settlement revenues."[55] The Commission should not disturb the regulatory framework that is in place and adequately addresses the Commission's concerns.[56]

VII. THE NPRM WOULD BE INCONSISTENT WITH THE MFN PROVISION OF THE GENERAL AGREEMENT ON TRADE IN SERVICES AND ANY BASIC TELECOMMUNICATIONS ANNEX THERETO THAT MAY BE SIGNED.

Currently, the United States is involved in multilateral negotiations under the auspices of the WTO to add a global basic telecommunications annex to the GATS. These negotiations, known as the Group on Basic Telecommunications ("GBT") talks, are designed to liberalize trade in the basic telecommunications area. The United States seeks to ensure that market

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53 Market Entry and Regulation of Foreign - Affiliated Entities, 11 FCC Rcd 3873, 3890 (1995) ("Foreign Carrier Entry Order").

54 Id.

55 Id.

56 As noted below, however, the Commission may need to reevaluate several of its policies, including its equivalency test, if the United States signs on to a global basic telecommunications agreement.

forces govern the telecommunications services area and that U.S. telecommunications providers gain access to as many foreign service markets as possible.

The GBT negotiations have not yet concluded; they may fail to reach an agreement. Nevertheless, any agreement that does emerge will incorporate the Most Favored Nation ("MFN") provision of the GATS. MFN ensures that U.S. providers entering a foreign market are not denied any advantage given to other foreign providers. In exchange, foreign carriers will gain access to the U.S. market on non-discriminatory terms.

Article II of the GATS establishes the MFN standard that would apply to basic telecommunications services among WTO members if an agreement is reached. It provides that each member shall accord "immediately and unconditionally to services and service suppliers of any other [m]ember treatment no less favourable than that it accords to like services and service suppliers of any other country."[57] Accordingly, the United States would be obliged to offer all foreign carriers and service providers (of WTO members) access to the U.S. market on the best terms offered to any such carrier or service provider. This concept is almost the precise opposite of the country-by-country reciprocity test that has characterized the Commission's approach to market access decisions.[58]

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[57] General Agreement on Trade in Services, art. II (1), *reprinted in* House Doc. No. 103-316 (1994) at 1589.

[58] Indeed, should an agreement on basic telecommunications be reached and joined by the United States, numerous recent Commission policies regarding foreign carriers' access to portions of the U.S. market would be subject to critical review. For instance, the Commission's equivalency test for private line resale would probably not be consistent with MFN unless a specific allowance for the U.S. policy were part of a final GBT deal.

A. Conditioning Authorizations to Provide International Facilities-Based Services From the United States To An Affiliated Foreign Market Would Be Inconsistent With MFN Treatment Under The GATS.

The Commission proposes to condition authorization to provide facilities-based international services, whether switched or private line service, from the United States to an affiliated foreign market on the foreign affiliate offering U.S.-licensed international carriers a settlement rate within the benchmark rate proposed in the NPRM.[59] Such a proposal would raise serious concerns under MFN. The Commission's proposal conditions access to a particular U.S. market (the international services market) on a provider's willingness to serve the affiliated international service market within the benchmark rate. Unaffiliated carriers failing to meet the same benchmark, on the same route would face different sanctions, but would not be barred from access to the U.S. market. Under MFN, access not equally available to all WTO members would not be permitted.

The Commission characterizes this sanction as a MFN-consistent safeguard against market distortion, noting that it does not "limit the ability of foreign carriers to enter the U.S. market" and that "all U.S.-licensed carriers (U.S. or foreign owned) would face similar conditions on service to affiliated foreign markets."[60] This assertion is incorrect; access to the U.S. market would be limited by the proposed sanction.

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[59] NPRM ¶ 76.

[60] NPRM ¶ 79.

It remains open to question whether the proposed sanction could satisfy even the criteria for anticompetitive safeguards contained in the current U.S. "offer" at the GBT.[61] The NPRM notes that "the concern has been raised that foreign carriers would have the incentive to use the subsidy embedded in above-cost settlement rates to cross-subsidize an affiliate providing international services in the U.S. market.[62] As is discussed in Section VI, however, an economically rational carrier cross-subsidizing its U.S. affiliate in order to offer below-cost prices in the United States could never be assured of recovering, in the form of monopoly prices, more than the losses it would suffer attempting to gain market share. There are too few barriers to entry to the U.S. international services market and too many well-capitalized potential competitors for such a strategy to succeed. Thus, the competitive harm protected against seems speculative; the MFN breach much more likely.

B. The Granting Of Country Waivers For Pro-Competitive Policies Would Be Inconsistent With MFN.

Although only touched upon briefly, the NPRM suggests the possibility that it might waive its benchmarks or transition periods under certain conditions.[63] Such waivers of the benchmark rules would also probably violate MFN. Even if the waivers rewarded pro-

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61 The offer states, "appropriate measures shall be maintained for the purpose of preventing suppliers who, alone or together, are a major supplier from engaging in or continuing anti-competitive practices. The anti-competitive practices referred to above shall include in particular: engaging in anti-competitive cross-subsidization." See "Attachment to the United States Conditional Offer in Basic Telecommunications Services," Reference Paper § 1.2(a) WTO Doc. No. S/GBT/W/1/Add.2 (Nov. 13, 1996).

62 NPRM ¶ 80.

63 NPRM ¶ 73.

competitive policies, they would distinguish among countries and would be subject to attack as barriers to access.[64]

C. Conditioning Authorizations To Resell International Private Lines To Provide Switched Services In The United States Would Likely Be Inconsistent With MFN Treatment Under GATS

The NPRM would authorize the Commission to deny permission to resell international private lines for the provision of switched service to the United States, based on whether accounting rates on the route or routes covered by the applications are within the NPRM's benchmarks.[65] Although the Commission might seek to characterize this authority as a MFN-neutral condition on the terms of service, it would almost certainly be challenged as a restriction on access to the U.S. market. If accounting rates were not within the benchmarks, international private-line resale for U.S. switched service could not go forward. The idea that the Commission could conform to MFN requirements by "granting" foreign carriers the authority to engage in such international private line resale while forbidding them actually to engage in the activity elevates form above substance to a degree that would inevitably invite a challenge. The practical effect would be to deny access to a portion of the U.S. market in probable contravention of MFN.

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[64] In fact, such a policy could be characterized as the Commission persisting in country-specific reciprocity. That is for countries whose behavior is approved, the Commission will apply a different standard for market or service access.

[65] NPRM ¶ 82.

D. The Establishment Of Country Categories And Transition Periods That Would Vary Among WTO Members Raises Further Questions Of Compliance With MFN Treatment.

The NPRM proposes to "categorize countries by level of economic development and to establish separate benchmark ranges for each category."[66] The NPRM provides for three categories based on per capita Gross National Product: (1) a low income category; (2) a middle income category; and (3) a high income category.[67] By definition, countries in different categories will be treated differently, in probable violation of MFN. Although the GATS provides a method for according preferential treatment to developing countries, such arrangements must be specifically negotiated.[68] To the best of GTE's knowledge, no such negotiation has yet taken place, so the Commission's approach to distinguishing among groups of countries remains suspect under MFN.[69]

Accordingly, critical aspects of the NPRM might well have to be abandoned, or, at least, fundamentally reexamined and amended if the United States were to become party to a GBT agreement.

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[66] NPRM ¶ 43.

[67] NPRM ¶ 44.

[68] GATS, art. IV, *reprinted in* House Doc. No. 103-316 at 1590; GATT Dec. No. L4903 (Nov. 28, 1979, Tokyo Round GATT Agreement).

[69] In addition to discriminating among WTO members by placing them in different categories according to criteria unilaterally determined by the Commission, the NPRM would potentially treat different members of the same category differently. Two countries within the same category would be evaluated according to their achievement of the same benchmark. Were the two countries actually (and demonstrably) to face different costs in providing the same service, rigid application of the same benchmark rate could arguably constitute discrimination inconsistent with MFN status.

VIII. CONCLUSION

In conclusion, GTE reiterates its support for the Commission's goals of consumer fairness and accounting rates determined by competitive factors. GTE is concerned, however, with both the Commission's lack of jurisdiction to prescribe settlement rates unilaterally and with the benchmark rates and transition periods proposed.

GTE urges the Commission to allow market forces and pro-competitive initiatives by international organizations, such as the WTO and ITU, to convince countries to move rapidly towards competitive markets. Lower settlement rates alone will not cure the perceived problem of settlement outpayments; the latter are primarily a function of traffic imbalances. Moreover, the Commission's proposed transition periods are arbitrarily and unrealistically short, especially for developing countries, most, if not all, of which need considerably more time to restructure their telecommunications policies and develop infrastructure.

Instead, GTE proposes that the Commission continue to foster settlement rate reform through the ITU and other multilateral fora. The NPRM's approach may, in fact, impede the evolution towards competition that is already occurring in many developing markets. Accordingly, GTE respectfully suggests that the Commission refrain, at this time, from unilateral action that is too narrowly focused on settlement rates and fails to account for an

array of factors more central to the shared goal of promoting competition in international telecommunications services.

Respectfully submitted,

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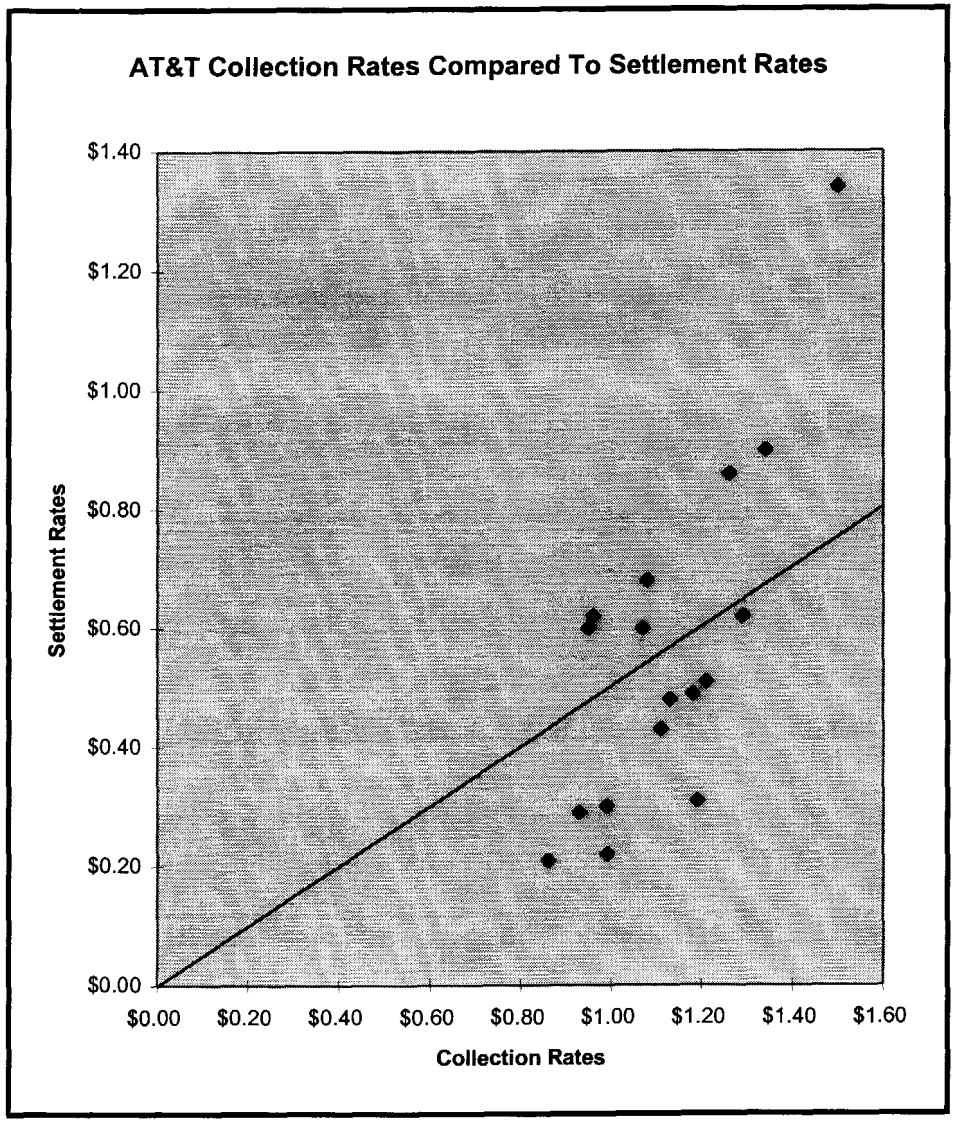
Dated: February 7, 1997

Attachment 1
"AT&T Collection Rates Compared to Settlement Rates"

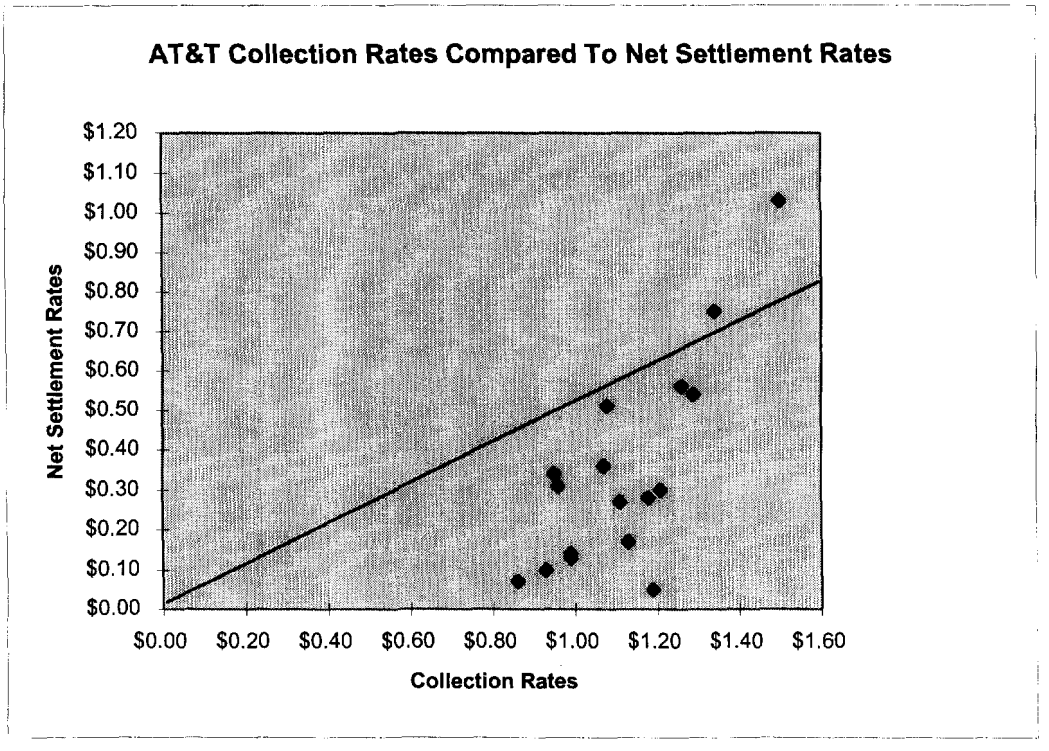
Country	A 1995 US Collection Rate	B 1995 Settlement Rate	C (A-B) Retained Revenue Per Minute
Australia	$1.19	$0.31	$0.88
Brazil	$1.07	$0.60	$0.47
China	$1.50	$1.34	$0.16
Colombia	$1.08	$0.68	$0.40
Dominican Republic	$1.18	$0.49	$0.69
France	$0.99	$0.30	$0.69
Germany	$0.99	$0.22	$0.77
Hong Kong	$1.21	$0.51	$0.70
India	$1.34	$0.90	$0.44
Israel	$1.26	$0.86	$0.40
Italy	$1.11	$0.43	$0.68
Japan	$1.13	$0.48	$0.65
Mexico	$0.95	$0.60	$0.35
Netherlands	$0.93	$0.29	$0.64
Philippines	$1.29	$0.62	$0.67
United Kingdom	$0.86	$0.21	$0.65
Venezuela	$0.96	$0.62	$0.34



Source: 1995 International Traffic Data Reported by AT&T on 7/31/96.

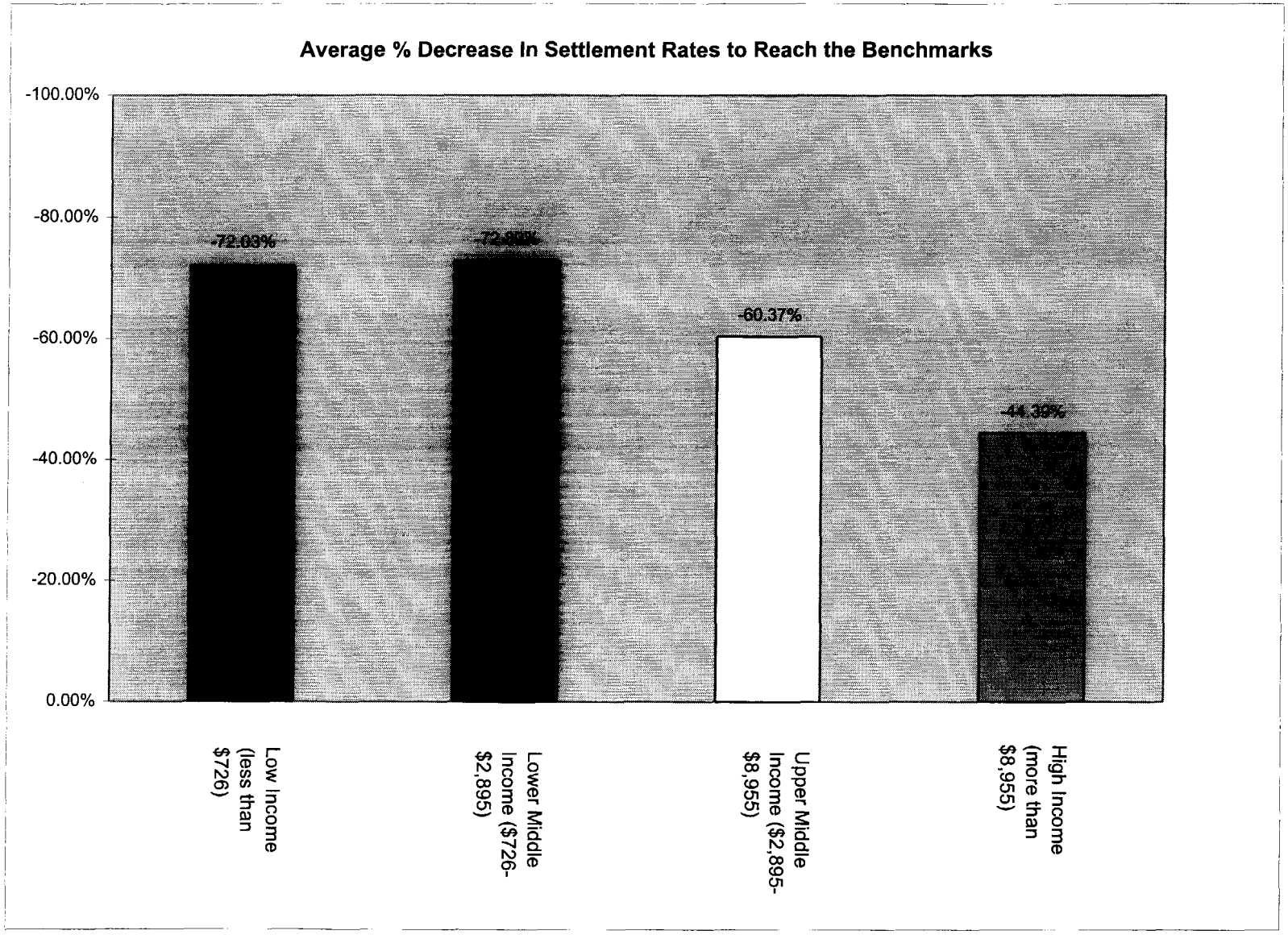
Attachment 2
"ATT Collection Rates Compared to Net Settlement Rates"

Country	A Average Settlement Rate	B US Mil Mins Out	C US Mil Mins In	D Average Collection Rate	E Net US Settlement Rate	F Retained Revenue Per Minute (D-E)
Australia	$0.31	92.8	78.1	$1.19	$0.05	$1.14
Brazil	$0.60	155.8	63.1	$1.07	$0.36	$0.71
China	$1.34	110.5	25.3	$1.50	$1.03	$0.47
Colombia	$0.68	132.4	33.7	$1.08	$0.51	$0.57
Dominican Republic	$0.49	133.8	58.5	$1.18	$0.28	$0.90
France	$0.30	172.2	90.2	$0.99	$0.14	$0.85
Germany	$0.22	380.9	161.1	$0.99	$0.13	$0.86
Hong Kong	$0.51	93.6	39.3	$1.21	$0.30	$0.91
India	$0.90	139.0	23.5	$1.34	$0.75	$0.59
Israel	$0.86	108.0	37.1	$1.26	$0.56	$0.70
Italy	$0.43	166.6	62.4	$1.11	$0.27	$0.84
Japan	$0.48	265.4	170.1	$1.13	$0.17	$0.96
Mexico	$0.60	1198.3	527.1	$0.95	$0.34	$0.61
Netherlands	$0.29	76.9	50.3	$0.93	$0.10	$0.83
Philippines	$0.62	177.5	23.6	$1.29	$0.54	$0.75
United Kingdom	$0.21	552.2	365.4	$0.86	$0.07	$0.79
Venezuela	$0.62	65.3	32.2	$0.96	$0.31	$0.65



Source: 1995 International Traffic Data Reported by AT&T on 7/31/96.

Attachment 3
"Average Percent Decrease in Settlement Rates"



APPENDIX A*: THE NPRM IS INCONSISTENT WITH U.S. TREATY OBLIGATIONS AND EXCEEDS THE FCC'S STATUTORY JURISDICTION

If fully implemented, the NPRM would be inconsistent with longstanding treaty obligations of the United States and would exceed the Commission's jurisdiction under the Communications Act. The ITU Constitution, Convention, and Regulations (the "ITU Treaties") are binding international obligations of the United States; they prescribe that international settlement and accounting rates be established through negotiation and mutual agreement.

Congress enacted the Communications Act fully aware of the international treaties administered by the ITU and the business practices those treaties codified. The U.S. Senate has repeatedly ratified renewals and amendments of the ITU Treaties reaffirming that accounting rates are established by mutual agreement. Congress did not (and could not) delegate to the Commission the authority to prescribe rates foreign carriers may charge for access to their networks. Rather, the Act recognizes that such access arrangements and charges must be negotiated with foreign carriers even though such entities may not concur with the Commission's view of the appropriate level of those charges.

Nonetheless, under the NPRM, the Commission claims the authority to dictate to foreign carriers and governments: (i) the schedule for communications authorities and carriers worldwide to achieve "cost-oriented" accounting rates; (ii) what the foreign carriers' costs for

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* Terms or abbreviations not otherwise defined in Appendix A have the same meaning as that provided in the Comments.